

Exhibit F

Part 2 of 2

How the Plan Works

Section III: Taking Money Out of SIP (cont'd)

Investment of Accounts During Deferral

Amounts in your Before-Tax and After-Tax Accounts remain invested in accordance with your latest investment election unless you make an investment transfer election. While you are in deferral status, you will be able to make investment transfers, subject to the rules and limitations described on page 21.

You can choose to keep all or part (in 1% increments) of your Solutia Company Match Account invested in the Solutia Stock Fund. If you do not make an election, your Solutia Company Match Account will remain invested in the Solutia Stock Fund. You may elect to have all or part of your Solutia Company Match Account transferred to the other investment funds (excluding the Pharmacia or Monsanto Stock Fund) and/or a pre-mixed portfolio (see pages 10-16). In addition, you will be able to transfer amounts back into the Solutia Stock Fund, and you can choose to keep all or part (in 1% increments) of your Pharmacia or Monsanto Company Match Account in the Pharmacia or Monsanto Stock Fund. If you do not make an election, your Pharmacia or Monsanto Company Match Account will remain invested in the Pharmacia or Monsanto Stock Fund. You may elect to have all or part of your Pharmacia or Monsanto Company Match Account transferred to the other investment funds and/or a pre-mixed portfolio (see pages 10-16).

Remember, amounts transferred out of the Solutia, Pharmacia, or Monsanto Stock Fund Company Match Accounts continue to be accounted for separately.

Loan Balance

If you repay any outstanding loan balance in full within two months after your employment ends, your loan will not be reported as current taxable income at the time of your termination of employment. However, if you do not repay your loan balance within two months after you terminate employment, your loan balance will be considered as distributed to you when you terminated employment and reported as a distribution for income tax purposes. This could mean that you will have a SIP distribution in two different calendar years—when you terminate employment and when the deferral ends. This may preclude the distribution at the end of your deferral from qualifying for a lump-sum distribution. See the "Tax Information" section on pages 43-52.

Partial Distributions

While in deferral, you will be able to take two partial distributions (minimum \$200) per year. If you will be receiving amounts from the Solutia, Pharmacia, or Monsanto Stock Fund, you can elect to receive such amounts in cash or in shares of Solutia and/or Pharmacia or Monsanto stock. If you want to receive shares of Solutia, Pharmacia, or Monsanto stock, you will need to log on to *Your Benefits Resources* or call and speak to a Benefits Center representative.

How the Plan Works

Section III: Taking Money Out of SIP (cont'd)

When you elect a partial distribution, you will need to indicate whether you want the distribution amount paid directly to you or rolled over into an IRA or to another qualified plan that accepts rollovers.

If you are receiving Solutia, Pharmacia, or Monsanto stock, your stock certificate(s) will be sent separately from your check.

If you have transferred part of your Solutia Company Match Account into the other investment funds and/or a pre-mixed portfolio and you want to receive these amounts as Solutia stock, you will need to transfer your money back to the Solutia Stock Fund (see pages 21-22) when you request the partial distribution.

Direct Rollovers From Solutia/Subsidiary Plans Into SIP

If you either: (1) retired on or after February 1, 1994, or (2) terminated employment on or after March 31, 1995, with an existing SIP account and elected either deferral or installment payments, you may elect to directly roll over eligible lump-sum payouts or partial distributions from qualified Solutia and subsidiary pension and/or savings plans into SIP.

If you elect to make a direct rollover from a qualified Solutia pension plan, you will need to complete the pension Direct Rollover Election Form included in your pension retirement package and indicate, in 1% increments, how you want your rollover amount invested among the investment funds (excluding the Pharmacia or Monsanto Stock Fund) and/or a pre-mixed portfolio. Your Direct Rollover Election Form must be returned to the Benefits Center, along with your other retirement papers, by the last business day of the month prior to the Benefit Commencement Date shown on your Pension Election Form in order for the rollover to occur on the first of the month following your Benefit Commencement Date. Rollovers from qualified Solutia pension plans into SIP will be made by a transfer between plans, so you will not directly receive any funds.

If you elect to make a direct rollover from a qualified pension and/or savings plan of a subsidiary or non-participating business unit, you will need to complete an Application for Direct Rollover Form and follow the steps described on pages 6-7.

Direct rollover amounts will be kept in a separate Rollover Account but will be treated as before-tax contributions. Company match contributions will not be made on direct rollover amounts.

If You Die During Deferral

If you die while in deferral status and your surviving spouse is your SIP beneficiary (or one of your SIP beneficiaries), he or she will be able to elect to either receive an immediate final distribution or to defer receipt of the amount distributable to him or her up to December 31 of the calendar year in which you

How the Plan Works

Section III:

Taking

Money Out

of SIP

(cont'd)

would have reached age 70½ (on December 31 of the calendar year after the year in which you died, if later). Beneficiaries other than your surviving spouse will be able to elect either to receive a final distribution as soon as practicable after your death or to defer receipt of the amount distributable to him or her for up to five years from the date of your death (see page 39).

Choices at End of Deferral

At the end of the deferral period, you may elect to receive a final distribution or, if your account exceeds \$5,000, you may begin installment payments.

To End Your Deferral

Log on to *Your Benefits Resources* or call and speak to a Benefits Center representative to request a final distribution (see pages 29–31). You will also need to speak to a Benefits Center representative to request installment payments (see below).

You will automatically begin to receive minimum distribution payments in December of the calendar year in which you reach age 70½ if you have made no election by then.

Tax Information on Deferrals

While you defer, you owe no current income tax on your SIP accounts. Under current tax law, the taxable portion of a partial distribution received while in deferral is subject to ordinary income tax and may be subject to the additional 10% penalty tax. A final distribution may qualify for 10-year averaging. You may also be able to roll over a final distribution. See the "Tax Information" section on pages 43–52.

INSTALLMENT PAYMENTS AFTER RETIREMENT, TERMINATION OF EMPLOYMENT, OR AT END OF DEFERRAL

When you retire or terminate employment, or anytime during your deferral period, you can elect to begin receiving installment payments from SIP. The two types of installment payments under SIP are: (1) "calculated" and (2) "fixed." Both types of installment payments are described here. In order to be eligible to receive installment payments, your account balance must be greater than \$5,000 as of the date your payments begin.

How the Plan Works

Section III: Taking Money Out of SIP (cont'd)

Calculated Installment Payments

If you elect "calculated" installment payments, you select the payment period—from one year to a maximum period determined by your age at the time payments begin and your actuarial life expectancy, as shown in the chart below:

Your Age	Maximum Years of SIP Payments	Your Age	Maximum Years of SIP Payments
41	41.5	56	27.7
42	40.6	57	26.8
43	39.6	58	25.9
44	38.7	59	25.0
45	37.7	60	24.2
46	36.8	61	23.3
47	35.9	62	22.5
48	34.9	63	21.6
49	34.0	64	20.8
50	33.1	65	20.0
51	32.2	66	19.2
52	31.3	67	18.4
53	30.4	68	17.6
54	29.5	69	16.8
55	28.6	70	16.0

To find out the maximum payment period for other ages, call the Benefits Center and speak to a Benefits Center representative.

Under the calculated installment method, the amount you receive per payment depends on your SIP balance, the length of your payment period, your payment interval, SIP earnings, and whether you make any withdrawals.

To estimate your payment, divide your total account balance (not including any unpaid loan balance) by the number of payments you elected. Each installment payment will be recalculated by dividing your account balance at the time payment is being made by the number of installment payments remaining.

How the Plan Works

Section III:

Taking

Money Out

of SIP

(cont'd)

Fixed Installment Payments

If you elect the "fixed" installment payments, you indicate the dollar amount of each installment payment. The amount you elect is paid in each installment payment until your SIP balance is zero.

How Often?

Under both the calculated and fixed installment payments, you select the payment interval—monthly, quarterly, or annually.

Investment of Accounts During Installment Payments

Amounts in your Before-Tax and After-Tax Accounts remain invested according to your latest investment election unless you make an investment transfer election. While you are receiving installments, you will be able to make investment transfers, subject to the rules and limitations described on page 21.

You can choose to keep all or part (in 1% increments) of your Solutia Company Match Account invested in the Solutia Stock Fund. If you do not make an election, your Solutia Company Match Account will remain invested in the Solutia Stock Fund.

You can also choose to keep all or part of your Pharmacia or Monsanto Company Match Account invested in the Pharmacia or Monsanto Stock Fund. If you do not make an election, your Pharmacia or Monsanto Company Match Account will remain invested in the Pharmacia or Monsanto Stock Fund.

You may elect to have all or part of your Solutia, Pharmacia, or Monsanto Company Match Account transferred to the other investment funds (excluding the Pharmacia or Monsanto Stock Fund) and/or a pre-mixed portfolio (see pages 10-16). In addition, you will be able to transfer amounts back into the Solutia Stock Fund. Remember, amounts transferred out of the Company Match Accounts continue to be accounted for separately.

Making Changes During Installment Payment Period

You can change the period over which your account is distributed (but never in excess of your life expectancy, as shown in the chart on page 35) or the amount of your installment payments, as well as the frequency of payments at any time. To make a change in your installment payment, call the Benefits Center. **Note:** once you start installment payments, you can only stop them by taking a final distribution.

How the Plan Works

Section III: Taking Money Out of SIP (cont'd)

To make an address change:

- ▶ If you are an active employee—call the call the Solutia CES.
- ▶ If you have terminated—log on to *Your Benefits Resources* or call the Benefits Center.

If you want to change your withholding election, complete a Form W-4P and return it to the Benefits Center. This form can be obtained by calling the Benefits Center.

Loan Balance

If you have an outstanding loan balance, you have the option of repaying it within two months of the date you terminated employment. This will increase the value of your total SIP balance and the amount of subsequent payments to you. If you do not repay any outstanding loan balance within two months after your termination of employment, the outstanding loan balance will be considered to be a distribution at termination of employment and reported to the IRS as such for income tax purposes.

Partial Distributions During Installment Payment Period

Once installment payments begin, you will have two opportunities each calendar year to withdraw additional funds. To request a partial distribution (minimum \$200), log on to *Your Benefits Resources* or call and speak to a Benefits Center representative. You will receive your distribution as soon as administratively possible after you request it.

To Apply for Installment Payments

Call the Benefits Center.

How the Plan Works

Section III.

Taking

Money Out

of SIP

(cont'd)

To End Installment Payments

You can stop installment payments at any time by calling the Benefits Center and requesting a final distribution.

Your installment payments will end automatically when your SIP account is depleted. If you die while receiving installments and your surviving spouse is your SIP beneficiary (or one of your SIP beneficiaries), your spouse will be able to elect to either receive an immediate final distribution or to defer receipt of the amount distributable to him or her up to December 31 of the calendar year in which you would have reached age 70½ (or December 31 of the calendar year after the year in which you die, if later). Beneficiaries other than your surviving spouse will be able to elect either to receive a final distribution as soon as practicable after your death or to defer receipt for up to five years from your date of death. See page 39.

Tax Information on Installment Payments

The taxable amount of an installment payment or other withdrawal will be subject to ordinary income tax and may also be subject to the additional 10% penalty tax. See the "Tax Information" section on pages 43-52.

How the Plan Works

Other Circumstances

Death

A surviving spouse who is a SIP beneficiary of a participant will be able to elect either: (1) to receive an immediate final distribution (lump-sum or installments) or (2) to defer receipt of the amount distributable to him or her up to December 31 of the calendar year in which the participant would have reached age 70½ (or December 31 of the calendar year after the year in which the participant died, if later). A surviving spouse who is a SIP beneficiary and who does not request a final distribution will have the amount distributable to him or her placed in deferral status. A surviving spouse who defers receipt will be able to take two partial distributions per calendar year (\$200 minimum). A surviving spouse may elect to take a final distribution (either a lump-sum or installment payments) at any time during the deferral period. A surviving spouse may either log on to *Your Benefits Resources* or call the Benefits Center to request a partial distribution or to end deferral. However, if no election is made by the December of the year in which the participant would have reached age 70½, the surviving spouse will begin to receive minimum distribution payments.

While in deferral status, a surviving spouse will be allowed to make investment transfer elections with respect to amounts in the participant's Before-Tax and After-Tax Accounts subject to the rules and limitations described on page 21. A surviving spouse will also be able to make transfer and reallocation elections as described on pages 21-22. A surviving spouse will not be able to make a direct rollover into SIP.

A SIP beneficiary who is not a surviving spouse will be able to elect either to receive an immediate final distribution or to defer receipt of the amount distributable to him or her for up to five years from the date of death. A beneficiary who is not a surviving spouse cannot elect installment payments and is not eligible for any partial distributions during deferral.

The distribution will be reported to the IRS under the beneficiary's Social Security Number, and the beneficiary will be responsible for paying taxes on the taxable portion of the distribution. See the "Tax Information" section on pages 43-52.

Layoff

If you are on layoff, you can make SIP withdrawals, loans, and investment fund transfers as if you were an active employee. If you have not been recalled within one year of your layoff date, your employment will be considered terminated for purposes of SIP. You will be entitled to the options available to terminated employees or retirees (final distribution, deferral, installment payments—see pages 29-38).

How the Plan Works

Other
Circumstances
(cont'd)

Separation From Service If You Make No Election

If you separate from service for any reason and make no election for taking money out of SIP, deferral will be automatic.

Reaching Age 70½

If you reach age 70½, you must begin receiving required minimum distribution payments of your SIP accounts no later than April 1 of the following calendar year unless you are still employed by the company. You will receive an explanation of your options in January of the calendar year in which you reach age 70½.

Important Note: You will also be receiving benefits from other qualified plans. Consult your tax advisor about the tax consequences of these distributions.

Transfers to Non-Participating Organizations

If you transfer to a business unit or organization that has not adopted SIP, you will not be able to make contributions to SIP, but your SIP participation will continue. You will be able to make withdrawals as if you were an active employee of a participating employer (see pages 23–26). In addition, you will continue repaying outstanding loans and will be eligible to make new loans. The rules on pages 26–29 will generally apply to any loan you make while employed by the non-participating organization. There are some differences though. First, your maximum loan amount may need to be adjusted to reflect any loan you may have taken out under a qualified plan maintained by the non-participating organization. Second, your loan repayments may or may not be made by payroll deduction. If not, you will need to make repayments by personal check. If you miss two consecutive repayments, your loan will be in default. You will be notified if this occurs.

If you terminate employment with the non-participating organization and Solutia, you will have the same options as an active employee who leaves employment (see pages 29–38).

Special Rules for Certain Participants

Salaried and Hourly Supplemental Participants

If your accounts under the Monsanto SIP were transferred to Solutia's SIP and you are either: (1) a salaried employee and you had your contributions to the Variable and Extended Benefit portions of the Monsanto Salaried Employees' Pension Plan (1976) (the "1976 Plan") transferred to the Monsanto SIP, or (2) an hourly-paid employee and you had your contributions to the Monsanto Hourly-Paid Employees' Pension Plan (1981) (the "1981 Plan") transferred to the Monsanto SIP, the following apply to you:

- ▶ In addition to the accounts described on page 8, you had established in your name an After-Tax Supplemental Account II for your contributions to the 1976 Plan or the 1981 Plan.
- ▶ You can withdraw either one-half or all of your contributions in your After-Tax Supplemental Account II that have not been previously withdrawn. Earnings on your contributions cannot be withdrawn from your After-Tax Supplemental Account II until you terminate employment or elect to receive the maximum after-tax withdrawal.
- ▶ If you are contributing on either a before-tax or an after-tax basis and elect to receive a maximum in-service withdrawal or an age 59½ withdrawal (see pages 25-26), you will also receive distribution of the entire amount of your After-Tax Supplemental Account II (including earnings).
- ▶ In addition to borrowing from your Before-Tax and After-Tax Accounts, you may also borrow amounts from your After-Tax Supplemental Account II.

Special Rules for Certain Participants

*Temporary
Part-Time,
Per Diem,
Co-Op,
Summer
Student,
Seasonal
or Other
Non-Regular
Employees*

If you are a temporary part-time employee, per diem, co-op, summer student, seasonal employee or other "non-regular" employee, the following exception to the previous description of SIP applies to you:

- You are eligible to join SIP and begin making before-tax and after-tax contributions as of the date you are hired by Solutia or a participating organization; however, company match contributions will only be made at the end of the calendar year if you have completed at least 1,000 hours of service during the calendar year. If you do not complete at least 1,000 hours of service during a calendar year, you will not receive a company match contribution for that calendar year.

*Alternate
Payees*

Alternate Payees under a Qualified Domestic Relations Order will have the same options as an employee who leaves employment or retires (see pages 29-38). There is one exception: An alternate payee other than your spouse under a Qualified Domestic Relations Order cannot make direct rollovers into SIP.

Tax Information on Distributions

This information is a general summary of the federal income tax consequences of various SIP distributions. State and local income tax and withholding rules may differ. When you are eligible to receive a SIP distribution, you should consult a tax advisor regarding your specific situation.

A payment from SIP that is eligible for rollover can be taken in two ways. You can have all or any portion of your payment either: (1) PAID IN A "DIRECT ROLLOVER," or (2) PAID TO YOU. A rollover is a payment of your SIP benefits to your Individual Retirement Arrangement (IRA) or to another employer plan that will accept the rollover. This choice will affect the tax you owe.

1. If you choose a **DIRECT ROLLOVER**, the portion of your payment rolled over:

- ▶ Will not be taxed in the current year, and no income tax will be withheld.
- ▶ Will be paid directly to your IRA or, if you choose, to an employer plan that accepts your rollover.
- ▶ Will be taxed later when you take it out of the IRA or the employer plan.

2. If you choose to have your **SIP benefits PAID TO YOU**:

- ▶ You will receive only 80% of the taxable amount of the payment, because the plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- ▶ Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you also may have to pay an additional 10% penalty tax.
- ▶ You can roll over the payment by paying it to your IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.
- ▶ If you want to roll over 100% of the payment to an IRA or an employer plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Tax Information on Distributions

Payments That Can and Cannot Be Rolled Over

Payments from SIP may be "eligible rollover distributions." This means that they can be rolled over into an IRA or into another employer plan that accepts rollovers. The following types of payments cannot be rolled over.

NON-TAXABLE PAYMENTS

In general, only the taxable portion of your payment is an eligible rollover distribution. If you have made after-tax contributions, these contributions will be non-taxable when they are paid to you, and they cannot be rolled over.

If you made after-tax contributions before January 1, 1987 ("grandfathered" contributions), you may be able to withdraw these first to avoid paying tax on a distribution. However, any distributions in excess of such grandfathered contributions or any calculated installment payment will be at least partially taxable.

For tax purposes, if you take an in-service withdrawal before age 59½, the distribution will include: first, your grandfathered after-tax contributions in your account as of December 31, 1986, if any, (non-taxable); second, proportionately, your after-tax contributions after that date (non-taxable) and earnings on all after-tax contributions (100% taxable); and finally, your Company Match Account (100% taxable).

For tax purposes, if you either: (1) are 59½ or older and take a withdrawal while still employed; (2) take a partial distribution after you terminate employment; or (3) are receiving fixed installment payments, the distribution will include: first, your grandfathered after-tax contributions in your account as of December 31, 1986, if any, (non-taxable); second, proportionately, your after-tax contributions after that date (non-taxable) and earnings on all after-tax contributions (taxable); third, your before-tax contributions and earnings on your before-tax contributions (100% taxable); fourth, your rollover contributions and earnings on your rollover contributions (100% taxable); and finally, your Company Match Account (100% taxable).

Each calculated installment payment will be considered as paid partly from non-taxable and partly from taxable amounts in your SIP account.

PAYMENTS SPREAD OVER LONG PERIODS

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for the maximum payout period allowed by SIP based on your age or a period of 10 years or more.

Tax Information on Distributions

Payments That Can and Cannot Be Rolled Over (cont'd)

Direct Rollover

REQUIRED MINIMUM PAYMENTS

Once you reach age 70½, a certain portion of your payment may not be eligible for rollover because it is a "required minimum payment" that must be paid to you.

You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as described previously. In a direct rollover, the eligible rollover distribution is paid directly from SIP to an IRA or another employer plan that accepts rollovers by means of a check or stock certificate issued in the name of the IRA or plan but sent to you at your home address. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or the employer plan.

DIRECT ROLLOVER TO AN IRA

You can open an IRA to receive the direct rollover. (The term "IRA," as used in this description, includes Individual Retirement Accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you want to roll over Solutia, Pharmacia, or Monsanto stock, be sure that the IRA can accept such stock. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you later to move all or part of your payment to another IRA, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over funds between IRAs).

Tax Information on Distributions

*Direct
Rollover
(cont'd)*

DIRECT ROLLOVER TO A QUALIFIED PLAN

If you are employed by a new employer that has a qualified plan and you want a direct rollover to that plan, ask the plan administrator whether it will accept your rollover. An employer plan is not legally required to accept a rollover and may not accept Solutia, Pharmacia, or Monsanto stock. If your new employer's plan does not accept rollovers, you can choose a direct rollover to an IRA.

DIRECT ROLLOVER OF INSTALLMENT PAYMENTS

If you receive eligible rollover distributions that are paid in installments for less than 10 years and less than the maximum payout period based on your age, your choice to make or not make a direct rollover will apply to all later installment payments until you change your election. You are free to change your election for any later installment payment.

Tax Information on Distributions

Payment Paid to You

If you have an eligible rollover distribution paid to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules described later may apply.

INCOME TAX WITHHOLDING

- *Mandatory Withholding.* If any portion of the payment to you is an eligible rollover distribution, SIP is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you, because the plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as a payment from the plan. You will report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.
- *Voluntary Withholding.* If any portion of your payment is not an eligible rollover distribution but is taxable, the mandatory withholding rules described above do not apply. You may elect not to have withholding apply to that portion.

SIXTY-DAY ROLLOVER OPTION

If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to an IRA or another employer plan that accepts rollovers. If you decide to roll over your distribution, you must make the rollover within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the employer plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100% within the 60-day period, you must contribute other money to the IRA or the employer plan to replace the 20% that was withheld. However, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: Your eligible rollover distribution from SIP is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be withheld and sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or employer plan. To do this, you roll over the \$8,000 you received from SIP, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or employer plan. If you roll over the entire \$10,000, when you file your income tax

Tax Information on Distributions

Payment

Paid to You

(cont'd)

return, you may get a refund of the \$2,000 withheld. If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

ADDITIONAL 10% PENALTY TAX IF YOU ARE UNDER AGE 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion. The additional 10% penalty tax does not apply to your payment if it is: (1) paid to you because you separate from service with all Solutia organizations during or after the year you reach age 55; (2) paid because you retire due to disability; (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies); or (4) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% penalty tax.

SPECIAL TAX TREATMENT

If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. An unpaid loan secured by taxable amounts will be treated as a taxable distribution in the year it is canceled. However, if a distribution qualifies as a "lump-sum distribution," it may be eligible for special tax treatment. A lump-sum distribution is a payment, within one calendar year, of your entire balance under SIP that is payable to you because you have reached age 59½ or have separated from service with all Solutia organizations. The special tax treatment for lump-sum distributions is described below.

- **10-Year Averaging If You Were Born Before January 1, 1936.** If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe because it treats the payment much as if it were paid over 10 years.

Tax Information on Distributions

Payment Paid to You (cont'd)

There are other limits on the special tax treatment for lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump-sum distributions (including Pension Plan lump-sum payments) that you receive in that same calendar year. If you have previously rolled over a payment from SIP or the former Monsanto PAYSOP Plan either in a direct rollover or a rollover you made yourself, you cannot use this special tax treatment for later payments from SIP. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. If you received partial distributions after you reached age 59½ or after termination of service or if you received installment payments or if an outstanding loan was treated as a distribution, you may not be able to use forward averaging when the remainder of your SIP balance is paid to you in a complete distribution. This is because you may not have another event that qualifies the remainder as a lump-sum distribution. Additional restrictions are described in IRS Form 4972.

The following chart summarizes the tax rules on distributions that qualify for lump-sum tax treatment:

TAX CONSIDERATIONS—TAXABLE PORTIONS OF SIP DISTRIBUTION OPTIONS

Defer Payment	Take Lump-Sum Distribution	Elect Periodic Payments or Partial Distribution
Must begin distribution by age 70½	Taxable income subject to income tax but not FICA	Taxable income subject to income tax but not FICA
Taxes deferred until receipt	Unpaid loans considered taxable distributions	Unpaid loans considered taxable distributions
Unpaid loans considered taxable distribution	10% penalty tax if distributed before age 59½ and not rolled over (unless at least age 55 in year in which you terminate)	10% penalty tax if distributed before age 59½ and not rolled over (unless at least age 55 in year in which you terminate or you elect installments over your life expectancy)
	Forward averaging may be applicable	No forward averaging
	Rollover option	Rollover option for partial distributions and for installment payments if payout period less than shorter of 10 years or life expectancy

Tax Information on Distributions

Payment
Paid to You
(cont'd)

SOLUTIA, PHARMACIA, OR MONSANTO STOCK

There is a special rule for a payment from SIP that includes Solutia, Pharmacia, or Monsanto stock. To use this special rule: (1) the payment must qualify as a lump-sum distribution, as described previously (or would qualify, except that you do not yet have five years of participation in SIP) or (2) the Solutia, Pharmacia, or Monsanto stock included in the payment was purchased with after-tax contributions, if any. Under this special rule, you may have the option of not paying tax on the **"net unrealized appreciation"** of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the Solutia, Pharmacia, or Monsanto stock while it was held by SIP. For example, if your Solutia stock in SIP was purchased when the stock was worth \$1,000 but was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock.

You may elect not to have this special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock (including any net unrealized appreciation) can be rolled over to an IRA or another employer plan that accepts stock either in a direct rollover or a rollover that you make yourself.

If you receive Solutia, Pharmacia, or Monsanto stock in a payment that qualifies as a lump-sum distribution, the special tax treatment for lump-sum distributions described previously (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

Tax Information on Distributions

Surviving Spouses, Alternate Payees, and Other Beneficiaries

In general, the rules summarized previously that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the plan results from a "Qualified Domestic Relations Order," which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized previously also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA, but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another employer plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is not subject to the additional 10% penalty tax described in the "Payment Paid to You" section, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee who is a spouse or former spouse, or another beneficiary, you may be able to use the special tax treatment for lump-sum distributions and the special rule for payments that include Solutia, Pharmacia, or Monsanto stock, as described in the "Payment Paid to You" section. If you receive payment because of the employee's death, you may be able to treat it as a lump-sum distribution if the employee met the appropriate age requirements, whether or not the employee had five years of participation in SIP.

Tax Information on Distributions

How to Obtain Additional Information

This tax information summarizes only the federal (not state or local) tax rules that may apply to your payment. These rules are complex and contain many conditions and exceptions not mentioned here. Therefore, you should consult a professional tax advisor before you take a payment of your benefits from SIP. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office or by calling 1-800-TAX-FORMS.

Additional Legal Information

ESOP

Prior to April, 2002, the Trustee for SIP was authorized to borrow money from time to time, on behalf of the plan, for the purpose of acquiring Solutia common stock or to repay a prior loan made for similar purposes (an "ESOP Loan"). Each ESOP Loan was subject to certain limitations designed to ensure that the terms of the loan were reasonable. The company guaranteed the ESOP Loans.

In connection with the transfer of a portion of the Monsanto SIP to the plan:

- ▶ Portions of the Monsanto SIP ESOP Loans were transferred to the plan, and the plan assumed the responsibility to repay those loans;
- ▶ A portion of the Monsanto SIP ESOP Suspense Account was transferred to the plan; and
- ▶ All shares of Monsanto common stock that were originally acquired under the Monsanto SIP with the proceeds of an ESOP Loan transferred to the plan were either exchanged for Solutia common stock from the Monsanto SIP or sold and the proceeds used to purchase shares of Solutia common stock.

All shares of Solutia common stock treated as acquired with the proceeds of an ESOP Loan ("ESOP Shares") were held by the Trustee in a separate "ESOP Suspense Account." Company match contributions received by the plan, as well as dividends paid by the company on ESOP Shares, were used by the plan to repay principal and accrued interest on the ESOP Loan. Company cash contributions not used to repay the ESOP Loans were used to purchase Solutia common stock on the open market. The value of the dividends on shares in your account will continue to be invested for you in Solutia common stock or, if you elect, they may be paid to you in cash. The ESOP Loans were repaid, and the shares of Solutia common stock in the ESOP Suspense Account have been released and allocated to your Solutia Company Match Account. The ESOP is no longer leveraged, and the plan now purchases Solutia stock on the open market to fund the company match.

Additional Legal Information

Pass-Through Dividends

Company match contributions are invested in the Solutia Stock Fund. As a participant in the Solutia Stock Fund, you are eligible to receive the dividend payment. The dividend payment normally is allocated in the first week of November and is payable in December. You decide if you want your dividends reinvested in SIP to purchase additional shares of company stock or if you want to receive them in cash.

If you want your dividends reinvested, you do not need to take any action. Your dividend payments will be added to your Employer Stock Fund account as of the company's ex-dividend date. If you reinvest your dividends in SIP, you avoid paying taxes on the dividend payments until you withdraw the money from your SIP account.

If you decide to receive your dividend payments in cash, you will receive a cash payment once a year. After each year that Solutia declares a dividend, an amount of money equal to the amount of your dividend will be paid to you four to six weeks after the ex-dividend date. The money you receive will be taxable for the year in which it is paid to you. However, you will not be subject to a 10% early withdrawal penalty. You will receive a 1099-DIV tax form to report the dividend payments you receive. Consult a tax advisor if you have questions about how receiving your dividend payments in cash will affect your tax situation.

To receive cash for your dividend payments, log on to *Your Benefits Resources* or call and speak to a Benefits Center representative. You may change the way you receive your dividend payments at any time. However, you must make your final election for the year by midnight before the ex-dividend date.

"Top-Heavy" Rules

Federal law requires the plan to have certain provisions that apply only in the event the plan becomes "top heavy"—in other words, primarily for the benefit of certain highly paid employees, officers, and shareholders. The plan is not presently top heavy. It is not expected to become so in the future. If this changes, you will be notified and details of top heavy rules given to you.

Number of Shares Available Under the Plan

There were 750,000 shares of Solutia common stock registered and made available under the plan.

Additional Legal Information

Description of Shares

The stock offered through the plan's Solutia Stock Fund is Solutia Inc. common stock, \$0.01 par value. Each share of common stock issued under the plan will be issued along with a Preferred Share Purchase Right ("Right"). If a third party acquires or offers to acquire a significant block of Solutia stock, the Right may entitle you to purchase additional Solutia stock or the stock of the acquiring party. If your Right to purchase additional shares is triggered, you will receive more information on this feature. Until the Right to purchase shares is triggered, the company may redeem the Rights for 1¢ per Right. The Rights cannot be traded separately from the shares of common stock until they become exercisable.

Shareholder Rights— Solutia Stock

As a shareholder, you have the right to instruct the Trustee in the voting of all shares of Solutia stock you hold in the Solutia Stock Fund or the sale of those shares in response to an offer from a third party (a "tender offer"). The Trustee will make proxy and tender offer materials available to you and will vote or tender shares of Solutia stock according to your confidential instructions. Shares of Solutia stock held in the Company Match Account and shares of Solutia stock with respect to which no voting directions are timely received are voted by the Trustee proportionately according to the voting directions received from participants. Shares of Solutia stock allocated to participants' accounts for which instructions are not timely received will not be tendered.

Shareholder Rights— Monsanto Stock

As a shareholder, you have the right to instruct the Trustee in the voting of all shares of Monsanto stock you hold in the Monsanto Stock Fund or the sale of those shares in response to an offer from a third party (a "tender offer"). The Trustee will make proxy and tender offer materials available to you and will vote or tender shares of Monsanto stock according to your confidential voting instructions. Shares of Monsanto stock with respect to which no voting directions are timely received are voted by the Trustee proportionately according to the voting directions received from participants. Shares of Monsanto stock for which instructions are not timely received will not be tendered.

Additional Legal Information

Shareholder Rights— Pharmacia Stock

As a shareholder, you have the right to instruct the Trustee in the voting of all shares of Pharmacia stock you hold in the Pharmacia Stock Fund or the sale of those shares in response to an offer from a third party (a "tender offer"). The Trustee will make proxy and tender offer materials available to you and will vote or tender shares of Pharmacia stock according to your confidential voting instructions. Shares of Pharmacia stock with respect to which no voting directions are timely received are voted by the Trustee proportionately according to the voting directions received from participants. Shares of Pharmacia stock for which instructions are not timely received will not be tendered.

Assignment of Benefits

Your SIP accounts may not be sold, assigned, transferred, pledged, or garnisheed, except pursuant to a Qualified Domestic Relations Order (QDRO) or a federal tax levy. If you become divorced or legally separated, certain court orders could require that part of your SIP accounts be paid to your former spouse or children if the plan administrator determines that the court order constitutes a QDRO. You may obtain a copy of the plan's QDRO procedures by writing to the plan administrator.

Divestitures

If you are employed by a division or subsidiary that is sold or made part of a joint venture, special rules will apply, which vary depending on the circumstances. You will receive information as soon as administratively possible.

Special Limitations on Senior Management

Senior management of the company who have been advised that they are subject to the requirements of Section 16 of the Securities Exchange Act of 1934 may be subject to limitations on transactions involving Solutia stock.

Additional Legal Information

Plan Subject to ERISA

SIP is a defined contribution plan, which is intended to qualify under Sections 401(a), 401(k), and 401(m) of the Internal Revenue Code of 1986 ("Code"). A portion of SIP is also intended to be an employee stock ownership plan, as defined in Section 4975 of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974 ("ERISA"), designed to invest primarily in qualifying employer securities. SIP is also subject to certain provisions of ERISA, including ERISA's reporting and disclosure (Part 1 of Title I) and fiduciary responsibility (Part 4 of Title I) requirements. SIP must also meet the minimum standards for participation and vesting found in Part 2 of Title I of ERISA, as well as in Sections 401(a), 410, and 411 of the Code. SIP is not, however, subject to the minimum funding standards imposed by Part 3 of Title I of ERISA and Section 412 of the Code, nor are benefits under the plan eligible for plan termination insurance provided by the Pension Benefit Guaranty Corporation under Title IV of ERISA. Plan termination insurance is limited to certain kinds of pension plans and is not available for defined contribution plans such as SIP.

Additional Legal Information

Administration of Plan

The plan will be administered by Solutia's Employee Benefits Plans Committee ("EBPC"). The members of the EBPC are appointed by the Board of Directors or Chief Executive Officer of Solutia. The EBPC has the exclusive right to interpret the plan and to decide matters arising under the plan or in connection with its administration, including eligibility for, and the amount of, distributions and withdrawals. The EBPC may from time to time adopt rules for the administration of the plan and the conduct of its business. Such rules must be consistent with the provisions of the plan.

The Board of Directors has appointed a Pension and Savings Funds Committee as a named fiduciary under the plan, with the authority to manage and control the assets in the plan. The Pension and Savings Funds Committee has appointed Northern Trust Company of Connecticut ("NTCC") as another named fiduciary. The fiduciaries have the duty to manage the plan prudently and in the interest of plan participants and their beneficiaries.

Part of NTCC's role is to select and oversee the investment managers who manage the investment funds and the pre-mixed portfolios that Solutia makes available through SIP. These investment managers are chosen by NTCC on the basis of their expertise in selecting and managing the types of investments that SIP makes available—both as separate investment funds and as components of the pre-mixed portfolios. The investment managers may change from time to time when the plan fiduciary determines it is in the best interest of the plan participants and their beneficiaries.

You may obtain additional information about the plan and its administrators by writing or calling:

Solutia Benefits Center
100 Half Day Road
Lincolnshire, IL 60069-1459
1-888-726-8616

Each participating subsidiary may discontinue its contributions to SIP or terminate SIP with respect to its employees subject to any agreement with a collective bargaining unit. In the case of such termination or discontinuance of contributions, the Company Match Accounts of each participant affected by the termination or discontinuance will become 100% vested.

Additional Legal Information

*Funding
Information,
Source of
Contributions,
and Trustee*

Contributions to the plan are made by the employer and employees and are deposited in a trust fund. The Trustee for the plan is The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois 60675.

*Department
of labor
404(c)
Regulations*

Portions of the plan are intended to comply with Section 404(c) of ERISA. The fiduciaries of the plan may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by a participant or beneficiary.

Additional Legal Information

Claims Appeal Procedures

Generally, your claim will be processed within 90 days (normally much sooner) unless you are notified of a delay.

INITIAL DECISION

When you file an application for benefits, the Employee Benefits Plan Committee reviews the application and makes a decision to either approve or deny it (in whole or in part). You will receive notice of the decision within 90 days of receipt of the application by the plan.

In some situations, the plan may need an extension of time to make a decision (for example, if the plan needs additional information). In these cases, the period may be extended for an additional 90 days.

You will receive notice of this extension prior to the end of the initial 90-day period. The extension notice will explain why an extension is necessary and when the plan expects to make a decision.

IF YOUR BENEFIT IS DENIED

If your application for a benefit is denied, you will receive a written notice that explains:

- ▶ The specific reasons for the denial;
- ▶ The specific plan provisions on which the denial is based;
- ▶ A description of any additional material or information needed and an explanation of why it is necessary; and
- ▶ An explanation of the plan's benefit review procedures, applicable time limits, and your rights to bring a civil action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA) following a denial on review.

Additional Legal Information

Claims
Appeal
Procedures
(cont'd)

REQUEST FOR REVIEW IF YOUR BENEFIT IS DENIED OR IF YOU DON'T RECEIVE AN ANSWER TO YOUR APPLICATION WITHIN 90 DAYS

After receiving the notice or if you do not receive an answer to your application, you may ask for a full and fair review of the decision by writing to the Employee Benefits Plans Committee. You must make this request within 60 days of the date you receive notice of the denial.

During the 60-day period, you will be given reasonable access to all related documents and information, and you may request copies free of charge. You can also submit written comments, documents, records, and other information to the Employee Benefits Plans Committee.

DECISION ON REVIEW

The Employee Benefits Plans Committee will review the claim again and make a decision based on all comments, documents, records, and other information you have submitted.

In most cases, you will receive written notice of the Employee Benefits Plans Committee's decision within 60 days of receipt of your request for review. If necessary, however, the period may be extended for an additional 60 days. You will receive a written notice of this extension prior to the end of the initial 60-day period. If, on review, your benefit is denied, you will receive a written notice that explains:

- ▶ The specific reasons for the denial upon review;
- ▶ The specific plan provisions on which the denial is based;
- ▶ That you are entitled to receive a copy of all documents, records, and information relevant to your claim, upon request and free of charge; and
- ▶ Any voluntary appeal procedures offered by the plan, your right to obtain information about such procedures, and a statement of your right to bring an action under ERISA section 502(a).

The company or other person designated by the company has the discretionary authority to interpret all plan provisions and determine whether you or your beneficiary is entitled to any benefit under the plan terms.

Any good-faith interpretation of plan terms by the company (or its designee) for which there is a rational basis will be final and legally binding on all parties. A review of a final decision or action of the company (or its designee) will be based only on the evidence before the company (or its designee) at the time of the decision.

Additional Legal Information

ERISA Rights

Solutia operates its employee benefit plans with the interests of employees in mind and attempts to communicate to employees their rights and entitlements. However, even though you may already have received information included in the following, federal law and regulations also require that we inform you of the following.

RECEIVE INFORMATION ABOUT YOUR PLAN AND BENEFITS

As a plan participant, you are entitled to:

- ▶ Examine, without charge, at the plan administrator's office and at other specified locations, such as work sites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefits Administration.
- ▶ Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The administrator may make a reasonable charge for the copies.
- ▶ Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

PRUDENT ACTIONS BY PLAN FIDUCIARIES

In addition to creating rights for plan participants, ERISA imposes duties upon the people responsible for the operation of the plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a plan benefit or exercising your rights under ERISA.

ENFORCE YOUR RIGHTS

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Additional Legal Information

ERISA Rights (cont'd)

Under ERISA, there are steps you can take to enforce these rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials weren't sent because of reasons beyond the control of the administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a Domestic Relations Order, you may file suit in federal court.

If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees—for example, if it finds your claim is frivolous.

ASSISTANCE WITH YOUR QUESTIONS

If you have any questions about your plan, you should contact the plan administrator.

If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory—or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

Plan Documents: This Summary Plan Description generally describes the benefits provided under the plan. It does not attempt to cover every detail concerning the plan. The terms of the plan are set forth in the applicable plan document. In the event that a provision in the applicable document or contract conflicts with this Summary Plan Description, the terms of the document or contract shall control. These documents, as well as the plan's Annual Report and

Additional Legal Information

*ERISA
Rights
(cont'd)*

Summary Plan Description as filed with the U.S. Department of Labor, are available for review through your Human Resources Representative during normal working hours. Upon written request to the Employee Benefits Plans Committee, Solutia Inc., 575 Maryville Centre Drive, P.O. Box 66760, St. Louis, MO 63166-6760, a copy of these documents (for which a reasonable charge may be made) will be furnished to a plan participant or beneficiary within 30 days of receipt of the written request.

Neither this booklet nor any statements concerning the described plan shall confer any right to continued employment.

Standard of Review and Exercise of Discretion: The company or other person designated by the company has the discretionary authority to interpret all plan provisions, and determine whether a participant or beneficiary is entitled to any benefit pursuant to the terms of the plan. Any good faith interpretation of the terms of the plan by the company (or its designee) for which there is a rational basis shall be final and legally binding on all parties.

A review of a final decision or action of the company (or its designee) shall be based only on the evidence before the company (or its designee) at the time of the decision.

Amendment and Termination: Solutia expects to continue the Savings and Investment Plan described in this booklet. However, because it is impossible to predict all future conditions, the company must reserve the right to amend or terminate the plan. No amendment may permit funds in the plan to be used for any purpose other than the exclusive benefit of participants.

Solutia may also terminate the plan with respect to all employers. Each participating subsidiary may discontinue its contributions to SIP or terminate SIP with respect to its employees subject to any agreement with a collective bargaining unit, including the "Big Table" agreements. In the case of such termination or discontinuance of contributions, the Company Match Accounts of each participant affected by the termination or discontinuance will become 100% vested.

Incorporation of Certain Documents by Reference: The following documents filed with the Securities and Exchange Commission are incorporated herein by reference:

- A. The company's and the plan's latest annual reports, filed pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act"), or, in the case of the company, the company's latest prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, which contains, either directly or by incorporation by reference, audited financial statements for the company's latest fiscal year for which such statements have been

Additional Legal Information

ERISA

Rights

(cont'd)

filed, or the company's effective registration statement on Form 10 filed under the Exchange Act containing audited consolidated financial statements for the company's latest fiscal year.

- B. All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the annual reports or the prospectus or effective registration statement referred to in (A) above.
- C. The description of Solutia Inc. common stock, \$0.01 par value, and the description of associated Preferred Share Purchase Rights contained in a Registration Statement filed under the Exchange Act; including any amendments or reports filed for the purpose of updating such descriptions.

All reports and other documents or portions of documents subsequently filed by the company or the plan pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, as amended, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold, or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of the filing of such reports and documents.

Solutia shall provide without charge to each person to whom a prospectus is delivered, on the written or oral request of any such person, a copy of all or any of the above documents incorporated by reference herein (other than exhibits to such documents), as well as a copy of all or any documents that constitute a part of the prospectus, the company's most recent annual report to shareholders and other communications to shareholders generally.

All such requests or inquiries for additional information should be directed to:

Corporate Secretary
Solutia Inc.
575 Maryville Centre Drive
P.O. Box 66760
St. Louis, Missouri 63166-6760
(314) 674-1000

Additional Legal Information

Administrative Information

Name of Plan	Solutia Inc. Savings and Investment Plan
Type of Plan	Defined Contribution Plan and Employee Stock Ownership Plan
Plan Year	January 1–December 31
Plan Administrator and Principal Employer	<p>Solutia Inc. 575 Maryville Centre Drive P.O. Box 66760 St. Louis, MO 63166-6760 (314) 674-1000</p> <p>A participant or beneficiary may obtain an updated list of the employers sponsoring the plan by sending a written request to the above address. The list of sponsoring employers is also available for inspection at the above address.</p>
Agent for Service of Legal Process	<p>General Counsel Solutia Inc. 575 Maryville Centre Drive P.O. Box 66760 St. Louis, MO 63166-6760</p>
Company Identification Number	43-1781797
Plan Identification Number	003